

Message Text

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15

ACTION AF-06

INFO OCT-01 ISO-00 L-03 EB-07 COME-00 TRSE-00 OMB-01

CIAE-00 INR-07 NSAE-00 FEA-01 INT-05 /031 W

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R 160645Z AUG 75

FM AMEMBASSY MOGADISCIO

TO SECSTATE WASHDC 3175

LIMITED OFFICIAL USE MOGADISCIO 1205

FOLLOWING TELEGRAM SENT ACTION MOGADISCIO FROM NAIROBI AUGUST
15, 1975 IS BEING REPEATED TO YOU FOR INFO:

QUOTE LIMITED OFFICIAL USE NAIROBI 7066

E.O. 11652: N/A

TAGS: EINV, US, SO

SUBJECT: CALTEX - SOMALI PROBLEMS

REF: MOGADISCIO 1172

1. EMBOFF MET AUGUST 14 WITH JAMES A. FINN, JR.,
MANAGING DIRECTOR, AND RALPH BARRY, FINANCIAL MANAGER, CALTEX
SERVICES MID-AFRICA, TO DISCUSS CALTEX SITUATION IN SOMALIA.

2. CALTEX AND SOMALI GOVT HAVE NOT RPT NOT YET REACHED
AGREEMENT ON JOINT VENTURE FOR BLENDING PLANT IN
SOMALIA. ONE OUTSTANDING PROBLEM IS THAT LUBE OILS
MANUFACTURED IN SOMALIA WOULD BE MORE EXPENSIVE THAN THOSE
NOW IMPORTED. CALTEX TAKES POSITION THAT SAVINGS IN
FOREIGN EXCHANGE WOULD OUTWEIGH HIGHER DOMESTIC PRICE
BUT HAS AGREED TO CONDUCT FURTHER ECONOMIC STUDIES
DESIGNED TO TRY AND REACH AT LEAST PARITY IN PRICE.

3. CALTEX EQUITY WOULD ARISE FROM \$300,000 NOW
BLOCKED. FIRM IS INDIFFERENT AS TO WHETHER IT GETS
49 OR 51 PERCENT.

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4. FIN EMPHATIC IN STATING THAT CALTEX HAS CONTINUED TO ENJOY EXCEPTIONALLY FAVORABLE RELATIONSHIP WITH SOMALI GOVT. HE SAID CALTEX HAS SUPPLIED PETROLEUM WHEN SOVIETS UNABLE DO SO, AND NOW HAS ENTIRE EXMALI IMPORT MARKET FOR LUBE OILS. THOUGH FINN PROMISED KEEP EMBASSY MOGADISCIO INFORMED AND WAS GREATFUL FOR EMBASSY'S INTEREST, HE DOES NOT RPT NOT REQUIRE EMBASSY ASSISTANCE AT THIS TIME, UNLESS EMBASSY COULD USE LOCAL CURRENCY EQUIVALENT OF BLOCKED ACCOUNT AND USG COULD COMPENSATE CALTEX IN DOLLARS THEREFOR.

5. BARRY WILL TRAVEL TO MOGADISCIO IN MONTH'S TIME AND WILL VISIT EMBASSY TO GIVE FURTHER REPORT. SIGNED LINDSTROM UNQTE.
LOUGHRAN

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NNN

Message Attributes

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